

## **HCL Infosystems registers Rs. 12.43 Crore revenue with operating loss of Rs. 14.72 Crore in Q3' FY22**

**February 08, 2022, New Delhi**

### **Q3' FY22 Business Highlights:**

- **Q3' FY22** revenue was Rs. 12.43 Crore
- Systems Integration and Solutions business reported revenue of Rs.10.38 Crore
- Loss Before Tax and exceptional items was Rs. 14.72 Crore
- Exceptional non-recurring gain during this quarter on account of:
  - Profit on sale of properties was Rs. 7.38 Crore.
- Loss Before Tax after considering exceptional items Rs. 7.34 Crore

HCL Infosystems today announced its financial results for the quarter ended December 31<sup>st</sup>, 2021.

Mr. Raj Sachdeva, Manager of HCL Infosystems Ltd, commenting on the results' said, *"During the quarter, the Company continued to focus on monetization of properties and realization of tax refunds to help in reduction of debt and losses."*

Our Systems Integration and Solutions business continued to face delays in customer acceptance and sign-offs on project completion from certain customers, particularly those in the power sector, resulting in delays in recovering receivables. The team has been continuously engaging with this set of customers to recover the outstanding dues and the Company is also pursuing legal options by invoking arbitration to recover the receivables. This is leading to high legal cost as reflected in legal and professional expenses.

As stated in several earlier press releases, during the last few years, the Company has been struggling due to operational losses, high debt obligation and challenging market conditions. Therefore, the Company's focus has been on reducing operational losses and debt and finance costs by scaling down certain businesses and selling off select businesses and assets, including certain immovable properties.

Despite all these efforts to reduce debt and losses and the promoter's financial support of the Company from time to time, the Company continues to face very challenging funding conditions and remains in a very tight financial position. As a consequence, the Company has no ability to invest in any new businesses or in expanding its current operations and consequently the business of the Company will continue to contract for the foreseeable future.

### **Company Update**

#### **Divestment of HCL Infotech Ltd.**

As reported in earlier press releases, the Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved the sale of the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited to Novezo Consulting Pvt. Ltd. based on the terms and conditions specified in the Share Purchase Agreement dated February 10, 2021.

Subsequently, one of the customers of a key defense project which is part of the transaction has asked HCL to novate the project to either HCL Infosystems Limited or to a third-party service provider acceptable to the customer, instead of transferring the project as part of the HCL Infotech sale to Novezo. In response to the customer's request, we have started the process for novating the project to HCL Infosystems as a stop gap arrangement and identifying a service provider to eventually take-over the project.

Consequently, the completion of the sale of the shareholding of HCL Infotech Ltd. to Novezo has been delayed and the Company and Novezo are currently renegotiating some of the terms of the Share Purchase Agreement. The revised SPA will be subject to approval of the Board and the Shareholders of the Company.

### **Restructuring of the Company**

The Board of Directors of HCL Infosystems Limited in its meeting held on August 6<sup>th</sup>, 2020 had approved the Scheme of Amalgamation between Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited with HCL Infosystems Limited and their respective shareholders and Creditors ("Scheme"). The Company had filed an application with the New Delhi Bench of National Company Law Tribunal ("NCLT") on September 21<sup>st</sup>, 2020 for approval of the proposed Scheme. HCL Learning and DDMS are wholly owned subsidiaries of the Company.

The Application was accepted by the Hon'ble NCLT, New Delhi and pursuant to the order dated September 17, 2021 read with the rectification order dated September 24, 2021 and the order dated October 7, 2021, the applicant companies convened a meeting of shareholders of all the Applicant Companies and unsecured creditors of DDMS and HCL Infosystems Limited on 30<sup>th</sup> November, 2021. The report of the meetings was duly submitted before the Hon'ble NCLT.

The Company had subsequently filed the 2<sup>nd</sup> Motion petition on December 13, 2021 which was heard on January 03, 2022 by the Hon'ble NCLT. Pursuant to the order dated January 18, 2022 in this regard, the petition has been admitted by the Hon'ble NCLT, New Delhi and next date of hearing has been fixed for April 12, 2022.

### **Divestment of Property**

In order to reduce the Company's debt obligations, the Company has decided to monetize certain Company owned properties in a phased manner. Several of the Company's properties are not being fully utilized due to changes in the business of the Company. The Company has sold one property during the quarter for a total consideration of Rs 14.55 Crores. During the current year, the Company has sold 6 properties for a total consideration of Rs. 136.49 Crores. The Company is actively looking for buyers to monetize other properties.

### **Tax refund**

During the quarter, the Company received Income Tax refund and GST refund of Rs 44 Crores and Rs 20 crores respectively. Total income tax and GST refund received during current financial year till December 2021 is Rs 104 Crores and Rs 29 crores respectively.

### **About HCL Infosystems**

HCL Infosystems is an IT System Integration and Solutions company. For more information, please visit us at [www.hclinfosystems.in](http://www.hclinfosystems.in).

<b>Media Contact Information</b>	
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**Consolidated Results**

(Rs. In Crores)

	Three months ended			Year ended
	31.12.2021	30.09.2021	31.12.2020	31.03.2021
	Unaudited	Unaudited	Unaudited	Audited
<b>Income</b>				
Revenue from operations	12.4	15.5	72.0	352.8
Other income	2.4	18.9	14.3	113.3
<b>Total Income</b>	<b>14.9</b>	<b>34.5</b>	<b>86.3</b>	<b>466.0</b>
<b>Expenses</b>				
Cost of materials consumed	-	-	-	-
Purchase of stock-in-trade	1.5	0.7	18.0	181.2
Changes in inventories of finished goods and stock-in-trade	0.0	2.5	9.9	25.1
Other direct expense	5.6	15.0	33.0	118.1
Employee benefits expense	6.3	6.2	18.7	80.5
Finance costs	2.6	3.1	11.7	52.4
Depreciation and amortisation expense	0.2	0.5	0.9	4.3
Legal, professional and consultancy charges	8.3	8.8	6.8	36.3
Other expenses	5.0	18.4	21.7	163.0
<b>Total expenses</b>	<b>29.6</b>	<b>55.2</b>	<b>120.7</b>	<b>660.8</b>
<b>Loss before exceptional items and tax from continuing operations</b>	<b>(14.7)</b>	<b>(20.8)</b>	<b>(34.3)</b>	<b>(194.8)</b>
Exceptional Items gain	7.4	33.9	-	-
<b>Profit/(loss) before tax from continuing operations</b>	<b>(7.3)</b>	<b>13.1</b>	<b>(34.3)</b>	<b>(194.8)</b>
Tax expense / (credit)				
(a) Current tax	-	-	-	2.0
(b) Deferred tax expense	-	-	-	-
<b>Profit/(loss) for the period from continuing operations</b>	<b>(7.3)</b>	<b>13.1</b>	<b>(34.3)</b>	<b>(196.7)</b>
Profit / (loss) before tax from discontinued operations	-	-	-	-
Profit / (loss) on disposal of discontinued operations	-	-	-	-
Tax expense / (credit) of discontinued operations	-	-	-	-
<b>Net Profit / (loss) for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit/(loss) for the period</b>	<b>(7.3)</b>	<b>13.1</b>	<b>(34.3)</b>	<b>(196.7)</b>
Other comprehensive income				
A (i) Items that will not be reclassified to profit and loss	-	-	-	(0.2)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B (i) Items that will be reclassified to profit and loss	-	0.4	(1.5)	(1.0)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
<b>Total other comprehensive income, net of income tax</b>	<b>-</b>	<b>0.4</b>	<b>(1.5)</b>	<b>(1.2)</b>
<b>Total comprehensive income for the period</b>	<b>(7.3)</b>	<b>13.4</b>	<b>(35.8)</b>	<b>(197.9)</b>
Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):				
Basic & Diluted	(0.22)	0.40	(1.05)	(5.98)

Segment-wise information

(Rs. In Crores)

Particulars	Three months ended		Year ended	
	31.12.2021 Unaudited	30.09.2021 Unaudited	31.12.2020 Unaudited	31.03.2021 Audited
<b>Segment Revenue</b>				
- Hardware Products and Solutions	10.4	14.9	38.2	135.4
- Distribution	2.1	0.7	33.9	217.4
- Learning	-	-	-	-
Total	12.4	15.5	72.0	352.8
Less : Intersegment revenue	-	-	-	-
<b>Revenue from operations</b>	<b>12.4</b>	<b>15.5</b>	<b>72.0</b>	<b>352.8</b>
<b>Segment results (profit / (loss) before tax and Interest from each segment)</b>				
- Hardware Products and Solutions	(5.9)	(11.2)	(8.6)	(82.2)
- Distribution	(0.7)	1.5	(2.7)	(34.4)
- Learning	(0.0)	(0.2)	0.1	1.2
Total	(6.6)	(9.9)	(11.2)	(115.4)
Less :	-	-	-	-
i) Interest expense	2.6	3.1	11.7	52.4
ii) Other un-allocable expenditure net off un-allocable (income)	(1.9)	(26.1)	11.4	27.0
<b>Total Profit / (Loss) before tax</b>	<b>(7.3)</b>	<b>13.1</b>	<b>(34.3)</b>	<b>(194.8)</b>
<b>Segment Assets</b>				
- Hardware Products and Solutions	201.6	200.7	355.5	281.6
- Distribution	101.2	124.7	158.6	141.0
- Learning	0.8	0.9	2.2	1.9
- Unallocated	239.0	273.1	242.7	224.7
<b>Total Assets</b>	<b>542.6</b>	<b>599.3</b>	<b>759.0</b>	<b>649.2</b>
<b>Segment Liabilities</b>				
- Hardware Products and Solutions	239.4	252.0	354.7	264.9
- Distribution	28.7	31.5	63.9	42.0
- Learning	1.3	1.3	3.7	1.3
- Unallocated	466.4	500.3	534.9	581.1
<b>Total Liabilities</b>	<b>735.8</b>	<b>785.1</b>	<b>957.2</b>	<b>889.3</b>